

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

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FM SECSTATE WASHDC

TO AMEMBASSY GUATEMALA PRIORITY

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E.O. 11652: N/A

TAGS: EWWT, US, GT

SUBJECT: DELTA/FLOMERCA PROBLEM

REF: GUATEMALA 3295

1. ON JULY 1, 1975, INSTRUCTED BY CAPTAIN CLARK, DELTA STEAMSHIP ATTORNEYS FILED THE FOLLOWING COMPLAINTS WITH THE FMC:

A. PETITION UNDER SECTION 19 OF THE MERCHANT MARINE ACT, 1920 FOR RELIEF FROM CONDITIONS UNFAVORABLE TO SHIPPING IN THE FOREIGN TRADE OF THE UNITED STATES. SPECIFICALLY, THE COMPLAINT ALLEGED THAT DELTA HAS BEEN ILLEGALLY DENIED "EQUAL ACCESS" TO ALL CARGOES MOVING IN THE US/GUATEMALA TRADE BY GUATEMALA DECREE 41-71. CHARGED FLOMERCA, PAN AMERICAN MAIL LINE, INC., AND COORDINATED CARIBBEAN TRANSPORT (CCT) WITH VIOLATION OF THE SHIPPING ACT, 1916, AS AMENDED. SPECIFICALLY, THE COMPLAINT WAS A PROTEST AGAINST FMC AGREEMENT 10153 (FEBRUARY 4, 1975) WHEREBY CCT BECAME AN ASSOCIATE CARRIER WITH FLOMERCA AND COOPERATIVE WORKING AGREEMENT BETWEEN FLOMERCA AND PAN

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AMERICAN MAIL LINES (FEBRUARY 10, 1973).

B. DELTA ALSO FILED A PETITION WITH THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS (FREDERICK G. DENT) UNDER TITLE III SECTION 301 OF THE TRADE ACT OF 1974 FOR RELIEF FROM UNFAIR TRADE PRACTICES OF GUATEMALA AGAINST UNITED STATES COMMERCE. SPECIFICALLY, THE COMPLAINT ALLEGED THAT GUATEMALA MAINTAINED DISCRIMINATORY IMPORT RESTRICTIONS AGAINST US COMMERCE AND PROVIDED TAX INCENTIVATES AFFECTING THE COMPETITIVE POSITION OF US SHIPPING.

2. THIS LATEST ACTION WAS TAKEN AFTER CAPTAIN CLARK INFORMED THE DEPARTMENT THAT FLOMERCA'S LATEST OFFER WAS "INSULTING". IN ADDITION TO LIMITING DELTA TO ONE SAILING PER MONTH (AS REPORTED REFTEL), OFFER INCLUDED THE IMPOSITION OF A FIVE PERCENT TAX ON ALL CARGOES GOING TO GUATEMALA OR THOSE CARGOES IN TRANSIT THROUGH GUATEMALA TO EL SALVADOR. CLARK SAID THIS WAS THE SAME OFFER MADE TWO YEARS AGO BY FLOMERCA, WHICH HE REJECTED AT THAT TIME.

3. COPIES OF THE COMPLAINTS POUCHED.

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Message Attributes

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